

# CITY OF LOS ALTOS

## SALES TAX UPDATE

### 2Q 2021 (APRIL - JUNE)



**LOS ALTOS**

TOTAL: \$ 648,092

21.8%  
2Q2021



25.9%  
COUNTY

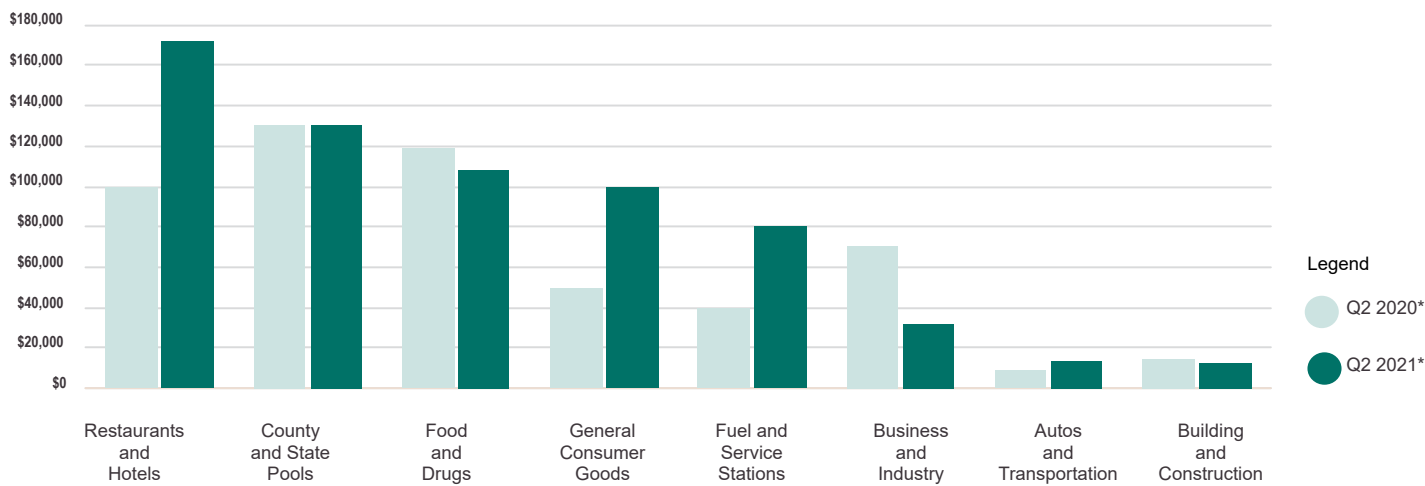


37.3%  
STATE



*\*Allocation aberrations have been adjusted to reflect sales activity*

### SALES TAX BY MAJOR BUSINESS GROUP



### CITY OF LOS ALTOS HIGHLIGHTS

Los Altos' receipts from April through June were 13.0% above the second sales period in 2020. Excluding reporting aberrations, actual sales were up 21.8%.

Results reflected measurable improvement over year ago lows which suffered the brunt of coronavirus impacts on sales taxes due to the temporary closures and other restrictions. General consumer goods grew 102% and restaurants-hotels reported over 72% growth. Though the fully reopened economy in June spurred much larger returns from dining, apparel, and home furnishings, all except home furnishings are still below pre-pandemic levels.

With prices quickly rising during this quarter, service stations posted gains of 103%; the strong gains were good news, but revenues in this category are still 20% below pre-pandemic levels.

Grocery stores receipts were down again with continued remote work reducing daily foot traffic for the stores.

Like recent quarters, online sales rose, albeit modestly. Changes in a taxpayer reporting which began in January stifled distributions from the use tax pool. Private party used vehicle sales surged which helped offset some of the changes. The City allocations were flat because the receipts are down a little more than other agencies in the countywide pool.

Net of aberrations, taxable sales for all of Santa Clara County grew 25.9% over the comparable time period; the Bay Area was up 34.1%.



### TOP 25 PRODUCERS

- Amber India Restaurant
- Arco AM PM
- BevMo
- Bicycle Outfitter
- Chef Chus
- Draegers Super Market
- El Camino 76
- Los Altos 76
- Los Altos Chevron
- Los Altos Grill
- Lucky Supermarket
- Main Street Chevron
- Paige Kelly Interior Design
- Powerflex Systems Llc
- Rancho 76
- Rite Aid
- Rustic House
- Safeway
- Speedway Express
- State of Mind Public House & Pizzeria
- Steinway
- The Post
- Trader Joes
- Walgreens
- Whole Foods Market



## STATEWIDE RESULTS

The local one cent sales and use tax from sales occurring April through June, was 37% higher than the same quarter one year ago after factoring for accounting anomalies and back payments from previous quarters.

The 2nd quarter of 2020 was the most adversely impacted sales tax period related to the Covid-19 pandemic and Shelter-In-Place directive issued by Governor Newsom. The 2Q21 comparison quarter of 2Q20 was the lowest since 2Q14 due to indoor dining restrictions at most restaurants; non-essential brick and mortar store closures; and employee remote/work from home options which significantly reduced commuting traffic and fuel sales. Therefore, similar to the 1st quarter 2020 comparison, dramatic percentage gains for 2Q21 were anticipated and materialized.

Up to this point through California's recovery, we've seen some regions experience stronger gains than others. However, with the latest data and the depths of declines in the comparison period, statewide most regions saw very similar growth.

Within the results, prolonged gains by the auto-transportation and building-construction industries generated higher receipts. Although the explosion of sales by new and used car dealers has come as welcome relief, the latest news of inventories being stretched thin due to the micro processing chip issues earlier in the year may result in a headwind into 2022. Conversely for the building-construction group, as housing prices in many markets increased over the last year, sustained available homeowner and investor equity is in place for the foreseeable future. Receipts from general consumer goods marked a steady and expected come back, led by family apparel, jewelry and home furnishing stores. When combined with solid greater economic trends, this is a welcome

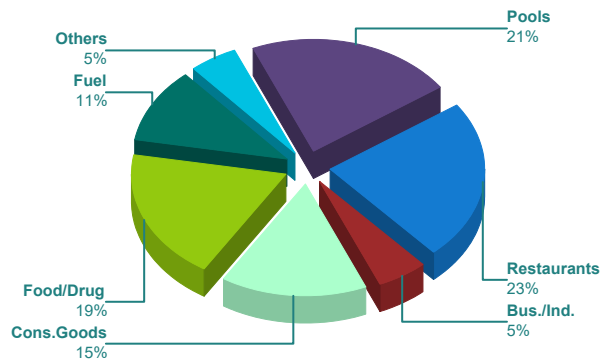
sign for many companies as a lead up to the normal holiday shopping period later this calendar year.

As consumers flock back into retail locations and with AB 147 fully implemented, growth from the county use tax pools - largely enhanced by out-of-state online sales activity - returned to more traditional gains of 9%. These results also included the reallocation of tax dollars previously distributed through the countywide pools to specific local jurisdictions that operate in-state fulfillment centers. Thus, the business and industry category, where fulfillment centers, medical-biotech vendors and garden-agricultural supplies are shown, jumped 26%.

In June, many restaurants reopened indoor dining. Given consumer desires to eat out and beautiful spring weather, all categories experienced a strong, much-needed rebound. However, labor shortages and a rise in menu prices continue to be a concern.

Looking ahead, sustained sales tax growth is still anticipated through the end of the 2021 calendar year. Inflationary effects are showing up in the cost of many taxable products. Pent up demand for travel and experiences, the return of commuters with more costly fuel, and labor shortages having upward pressure on prices may begin to consume more disposable income and tighten growth by the start of 2022.

### REVENUE BY BUSINESS GROUP Los Altos This Fiscal Year\*



\*ADJUSTED FOR ECONOMIC DATA

### TOP NON-CONFIDENTIAL BUSINESS TYPES

Los Altos Business Type	Q2 '21	Change	County Change	HdL State Change
Casual Dining	116,815	66.2% ↑	138.2% ↑	130.2% ↑
Service Stations	80,328	103.4% ↑	79.0% ↑	73.9% ↑
Grocery Stores	77,416	-12.1% ↓	-2.0% ↓	-0.9% ↓
Home Furnishings	21,953	152.5% ↑	155.0% ↑	88.3% ↑
Business Services	14,698	279.0% ↑	22.1% ↑	30.8% ↑
Convenience Stores/Liquor	14,390	1.9% ↑	1.1% ↑	7.0% ↑
Quick-Service Restaurants	13,102	53.2% ↑	26.7% ↑	28.9% ↑
Specialty Stores	13,030	111.6% ↑	74.3% ↑	67.7% ↑
Jewelry Stores	9,569	162.3% ↑	468.5% ↑	289.7% ↑
Women's Apparel	8,400	416.5% ↑	452.7% ↑	266.8% ↑

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